

**Testimony of John M. R. Kneuer
Assistant Secretary for Communications and Information
National Telecommunications and Information Administration
U. S. Department of Commerce**

**Before the
Committee on Energy and Commerce
Subcommittee on Telecommunications and the Internet
United States House of Representatives**

**Hearing on
The Digital Television Transition**

October 17, 2007

Mr. Chairman and Members of the Committee, thank you for this opportunity to testify before you today. I am pleased to report that the National Telecommunications and Information Administration (NTIA) is making great strides in accomplishing the tasks laid out by Congress in the Digital Television Transition and Public Safety Act of 2005 (“DTV Act” or “Act”). The Digital-to-Analog Converter Box Coupon Program has been established, consumer education efforts are increasing daily, and our collaboration with public and private sector organizations is expanding to ensure that all Americans will be prepared for the digital transition.

NTIA Continues to Make Significant Progress in Fulfilling the Requirements of the DTV Act

As you know, the DTV Act required NTIA to establish and implement a program allowing eligible U.S. households to obtain up to two coupons of \$40 each to be applied toward the purchase of digital-to-analog converter boxes that will convert digital broadcast signals for display on analog television sets. NTIA is on schedule to meet its

obligations under the Act. Beginning January 1, 2008, and continuing through March 31, 2009, consumers will be able to request up to two \$40 coupons per household to purchase an approved DTV converter box.

The application process will be simple and straightforward, and will respect individual privacy. The coupon application asks for only the information necessary to fulfill the request, *i.e.*, the requestor's name, address, and the number of coupons requested. The only other question NTIA will ask is whether the household receives an over-the-air signal or subscribes to a pay service. Applications will be widely available. Consumers can request them online, over the phone, via fax, or through the mail. In addition, participating libraries will stock the applications, and library employees will help patrons fill them out.

While much work remains to be done, NTIA has nevertheless made great strides toward ensuring the success of the Coupon Program and with it, the success of the DTV transition. As detailed more fully below, we have awarded and are currently implementing a major contract for Coupon Program operational support. We have also built the infrastructure to ensure that technically-reliable, coupon-eligible converter boxes are available to consumers when coupon issuance begins. NTIA is also working in collaboration with our partners in the public and private sectors, and we have made great progress in planning and beginning to implement the campaign to educate consumers about the DTV transition and the Coupon Program.

A Strong Foundation for Program Support has been Established

To procure the expert assistance needed to administer the diverse operational elements associated with the Act's requirements, on August 15th, NTIA awarded a contract to IBM to manage three broad, functional aspects of the Coupon Program: (1) systems processing (*e.g.*, determining consumer eligibility, distributing and activating coupons, certifying retailers, and providing training materials); (2) financial processing (*e.g.*, administering the processes to authorize coupons for redemption and ensure payment to retailers, and performing independent auditing); and (3) consumer education and communications. Under the contract, IBM is leading a team of partners that includes Corporate Lodging Consultants, which is responsible for retailer management, coupon redemption and payment; Epiq Systems, which is handling coupon distribution and consumer support; and Ketchum, Inc., a global public relations firm that is leading the consumer education program. Each of these companies has extensive experience in its functional areas and has successfully implemented large and complex national programs.

The contract is performance-based. NTIA has specified Program requirements while allowing IBM to determine how best to achieve those outcomes. Payments are tied to IBM's satisfactory accomplishment of certain milestones. NTIA is working in close coordination with IBM's team to ensure that Program goals are met in a timely manner and according to agreed upon quality standards. The total contract amount is \$119,986,468, which includes \$84,990,343 for the initial phase and \$34,978,125 for a

contingent phase provided for in the DTV Act.

NTIA and IBM are working diligently to ensure that the Program is operational and ready to accept consumers' applications for coupons on January 1, 2008. In addition, as discussed below, we are also working closely with broadcasters, consumer electronics manufacturers, retailers, and the Federal Communications Commission ("FCC" or "Commission") to ensure that consumers will have access to reliable converter boxes when coupons become available.

The Framework to Ensure Availability of Converter Boxes is in Place

Testing and Certification

NTIA has adopted rules to provide guidance to converter box manufacturers regarding the submission of test results and sample equipment for evaluation and certification. Those rules require manufacturers to provide notice of their intention to provide converter boxes for review and certification. Upon receipt of such a notice, NTIA accepts test results from each manufacturer to evaluate whether the manufacturer's testing meets NTIA's specifications.

Pursuant to a Memorandum of Understanding between the agencies, the FCC is providing testing services to evaluate the converter boxes prior to their certification by NTIA. Once NTIA has determined that a manufacturer's own testing meets our

specifications, the manufacturer submits a sample converter unit for independent testing by the FCC laboratory, which assesses the equipment against all twenty-four of the specifications in NTIA's Final Rule. This process is modeled on the recommendations of consumer electronics manufacturers along with broadcasters who want to make sure viewers have reliable television service using converters.

NTIA last month certified two digital-to-analog converter box models to be manufactured by Digital Stream Technology, Inc., and equipment from other vendors is presently being evaluated. I am pleased with the number of manufacturers that have filed Notices of Intent and test submissions, and I expect more boxes will be certified over the weeks leading up to the transition. A list of certified converter boxes, including make and model numbers, will be maintained by NTIA and will be distributed to participating retailers and available to consumers.

Pursuant to NTIA's regulations, certified converter boxes will possess performance features based on industry-accepted DTV standards as well as some of the FCC requirements for television products. The regulations require, for example, that NTIA-certified converters comply with the FCC's parental control or V-Chip rule, emergency alert system rule, and closed-captioning requirements for converters. NTIA's rules for the Program also permit (but do not require) converter boxes to include certain features that might improve converter performance in certain conditions or for certain segments of the audience (*e.g.*, a "smart antenna" port to enable consumers to connect an electronically tuned antenna for better reception; "pass through" of the analog signals that

television translator stations will continue to broadcast in rural areas; and inclusion of a patented BTSC audio feature that enhances audio and supports new services such as video description). Software downloads and compliance with ENERGY STAR standards are also encouraged as permitted features.

Retailers

NTIA has also worked diligently with retailers to ensure that consumers will be able to easily obtain converter boxes during the transition period. At our Public Meeting and Expo on September 25th, RadioShack – with 4,400 company-owned stores and 1,600 franchisees – announced that it intends to participate in the Coupon Program and that it will likely be ready to serve consumers on January 1st. In addition to stocking the converter boxes, RadioShack will train its sales associates on the transition and the Coupon Program, as well as engage in consumer education efforts both in stores and on its websites. As with manufacturers, I expect other retailers to follow RadioShack's lead and sign up to participate in the Coupon Program.

NTIA is actively working to make the Program accessible and attractive to a full range of retailers in order to gain participation not only from large chains, but from regional outlets and small, independent local stores as well. The Coupon Program will offer a choice of six different coupon redemption alternatives that will enable even the smallest retailers to participate. The options allow authorization and redemption to take place through existing credit card systems, online, or by phone. While some retailers have

indicated that they would not be able to modify their sales systems or change inventory until after the end of the holiday season in mid-January, with the announcement by RadioShack, I am hopeful that other retailers will also find it in their interests to join the Program now, order inventory, and be ready to serve customers in early 2008.

Certifying retailers is an important step in preventing waste, fraud, and abuse in the Program. Accordingly, NTIA's contract with IBM requires IBM to monitor retailer involvement in order to minimize waste, fraud, and abuse. IBM will provide NTIA with timely information about coupon distribution, redemption, and retailer payment activities to be able to detect anomalous consumer or retailer behavior and other "red flags" in the operations.

Consumer Education Initiatives Are Well Underway with Strong Support from Public and Private Sector Partners

General Education Efforts

As I have said before, the success of the transition will be judged by how smoothly and efficiently it occurs, which will depend to a critical extent on effective outreach to consumers. NTIA has begun its efforts to educate consumers about the transition well ahead of the January 1, 2008, start date for the Program.

To maximize the value of the \$5 million in consumer education funds provided for in the Act, NTIA has been working through partnerships to leverage support from a diverse

range of stakeholders. In this regard, I would like to acknowledge the support NTIA has received from its many nonprofit, industry and government partners that have stepped up to the plate to help inform consumers about the digital transition.

In particular, the industries most directly affected by the transition — the broadcast, cable and consumer electronics industries — are actively informing their viewers, subscribers and customers about the February 17, 2009, transition date and the variety of options consumers have to respond to it. Last month, the National Cable and Telecommunications Association (NCTA) announced a \$200 million campaign to raise consumer awareness. On Monday, the National Association of Broadcasters (NAB) launched its marketing campaign. The Consumer Electronics Association (CEA) has also been running radio spots and has developed consumer-friendly tools, including a video that helps consumers understand their options to make the transition.

As reflected in the discussion of our partnerships that follows below, many other organizations are also contributing to the transition education effort in personnel time and other resources. Thus, this combined NCTA and NAB investment represents only a subset of the total private sector contribution going to support the DTV transition.

These industry leaders, as well as the Association of Public Television Stations (APTS), AARP, and the Leadership Conference on Civil Rights, among others, came together in February to launch the DTV Transition Coalition. NTIA has worked actively with the Coalition since its inception. Now over 160 members strong, the Coalition is working to

ensure that no consumer is left without broadcast television due to a lack of information about the transition. The Coalition website (www.dtvtransition.org) includes a DTV Quiz to help consumers sort out whether they need to take any action before February 17, 2009, and, if so, the choices available to them.

NTIA Education Efforts

On September 25th, NTIA hosted a DTV Public Meeting and Expo to discuss progress in educating the public about the Coupon Program. The Public Meeting focused on NTIA's partnerships in the digital transition and featured two CEO-level panels from the affected industries and leading stakeholders in the transition. The technology Expo included exhibits and demonstrations from over a dozen companies and organizations featuring products and services to enable consumers to make a smooth digital transition. Attendees had the opportunity to see first-hand that the sharper picture, multicasting, and basic channel guide available with digital television deliver a richer viewing experience to over-the-air broadcast consumers than they currently receive from analog service.

While some viewers will purchase new digital television sets to take advantage of these features, NTIA recognizes that many other consumers will want or need to keep their existing analog televisions and continue to receive free over-the-air broadcast programming. For this group, the Expo was their first opportunity to view the converter boxes, and the response was very positive. NTIA will continue to focus its consumer education efforts on households that rely on over-the-air television, to inform them about

the government assistance available to defray the cost of digital-to-analog converter boxes.

Targeted Education Activities

As we reported to the Committee in July, NTIA has identified five target groups for particular consumer education efforts: (1) seniors; (2) the economically disadvantaged; (3) rural residents; (4) people with disabilities; and (5) minorities. These groups depend on over-the-air television to a greater extent than does the general population, and NTIA will carefully design and market-test its consumer education materials to ensure that the materials are accessible to, and can be easily understood by, these target communities.

NTIA is working in partnership with trusted intermediaries for these groups in order to get the word out and to provide help in obtaining and installing converter boxes. In addition, as I mentioned, the global public relations firm Ketchum will develop and implement the consumer education program to drive awareness of the Coupon Program. Ketchum's recent work informing vulnerable communities about key Federal programs has given it deep experience working with many of our target populations.

Seniors

America's seniors make up a large percentage of consumers served by governmental, social service, commercial, and non-profit organizations. NTIA is leveraging

relationships with these organizations to reach the senior constituencies that they serve. For example, NTIA is in discussions with the Administration on Aging (AoA) of the U.S. Department of Health and Human Services (HHS) to capitalize on the agency's credibility and reputation for meeting the needs of seniors and their caregivers through a variety of home and community-based services. These discussions focus on a variety of activities to ensure that seniors, especially those with language barriers or located in remote or rural locations, know about and understand the Coupon Program. They also encompass various outreach strategies that include working in partnership with AoA's national aging services network, which reaches into every state, tribe and community in the United States.

For almost a year, NTIA has also been collaborating very closely with AARP. Last month, NTIA participated in the AARP Members Convention in Boston, and AARP is highlighting the Coupon Program in its publications and online newsletters, which reach millions of its members. NTIA is also working with Retirement Living TV, a cable channel dedicated to entertaining, educating and empowering seniors. Early next year, Retirement Living TV will begin its nationwide, mobile "Retired & Wired: RLTV Digital Tour" to educate seniors about their digital television options including the Coupon Program. In partnership with the American Library Association, NTIA is distributing posters and coupon applications to participating libraries and training librarians to help patrons, especially seniors, fill out coupon applications.

In addition to these groups, NTIA also has reached out to establish partnerships with

other organizations including SeniorNet, an organization that supports about 200 senior learning centers across the country; the National Caucus and Center of Black Aged, Inc.; and the National Indian Council on Aging. At the end of October, NTIA will participate in the National Hispanic Council on Aging Conference and distribute Spanish-language materials about the transition. Finally, last month at our DTV Public Meeting and Expo, Best Buy and Family, Career and Community Leaders of America (FCCLA) came together to announce a partnership in which students in 7,000 chapters across the country will be awarded prizes to develop creative ways to assist elderly and rural populations to apply for coupons. These voluntary efforts will likely proliferate as the transition date approaches.

The Economically Disadvantaged

NTIA is working with the HHS's Administration for Children and Families to reach over 900 community agencies serving low-income families to alert them about the Coupon Program. Other non-profit community and social service organizations, including Catholic Charities, the Salvation Army, and Community Action Partners are already working with the Internal Revenue Service (IRS) to inform their constituents about the IRS's Earned Income Tax Credit, and these organizations have agreed to allow NTIA to use their existing communications channels to distribute information about the Coupon Program. Finally, NTIA is also in discussions with U.S. Department of Agriculture's (USDA) Food and Nutrition Service (FNS) to include Coupon Program materials in communications that go to prospective Food Stamp recipients.

Rural Residents

NTIA will collaborate with the Appalachian Regional Commission to distribute information packets about the transition to 70 councils of government and local development districts representing 23 million people in 410 counties (42 percent rural). This month, NTIA will participate in the Rural Telecommunications Congress Conference in Springfield, Illinois and will conduct a workshop for rural community leaders so they can spread the word about the Coupon Program locally. NTIA has also reached out to the USDA's Cooperative State Research, Education, and Extension Service to distribute information to extension offices nationwide, and we are in discussions with 4-H to enlist young people to volunteer in rural communities to assist people who may need this government assistance.

People with Disabilities

NTIA has been working with organizations such as the American Association of People with Disabilities (AAPD), Easter Seals, and the Northern Virginia Resource Center for Deaf and Hard of Hearing Persons (NVRC) to ensure the Program is accessible to Americans with disabilities. As noted above, NTIA's Program rules require that eligible converter boxes support closed-captioning services as mandated by FCC regulations. NTIA Program staff have met with a handful of disability groups, the FCC, and several converter box manufacturers to describe these closed captioning features and how to access them (either via a "cc" button on the remote control or via a menu feature). NTIA

recently participated in the Telecommunications for the Deaf and Hard of Hearing conference in San Francisco on August 24, 2007.

To reach the home-bound and those with special needs, NTIA will continue to reach out to private and public organizations that provide home health care, meals on wheels, senior day care, and other elder care services. At the DTV Public Meeting and Expo last month, the U.S. Department of Veterans Affairs (VA) announced that it would work with NTIA to ensure that digital transition information and Coupon Program applications are available in 155 VA hospitals and its 1,000 clinics. In addition, the VA will inform its 240,000 employees, 1 million volunteers, and more than 1 million veterans not served by the VA about the transition and Coupon Program.

Minority Communities

NTIA continues to expand its outreach efforts into minority communities. The NAACP and the Rainbow Push Coalition are together planning an extensive outreach strategy to the African American community, and last week, NTIA participated on a panel at the Congressional Black Caucus Telecommunications Issues Forum, “Navigating the Digital Era.”

As I noted earlier, NTIA will participate later this month in the National Hispanic Council on Aging Conference and will distribute Spanish language materials about the transition. Last month, NTIA participated in the United States Hispanic Chamber of

Commerce's Annual Convention in San Juan, Puerto Rico, and informed Hispanic retailers about how they might participate in the Program and assist NTIA in raising awareness among their predominantly Hispanic customers. I applaud Univision for announcing on October 1 its national campaign to educate Hispanic viewers about the transition. Univision reaches 99 percent of Hispanic homes and will use both television and grassroots events and street fairs to educate Hispanics about the Coupon Program. Entravision Communications Corporation will also use its Spanish-language media assets, including TV and radio stations and outdoor billboards, to reach nearly 70 percent of Hispanics about the digital transition in 51 primary television station markets across the United States.

NTIA also has printed brochures and other information in five languages, in addition to English. Partnering with Panasonic and the Southeast Asia Resource Action Center, NTIA has translated Coupon Program information for distribution in Chinese, Korean, Vietnamese and Filipino communities. The Center will distribute information and will encourage the Cambodian-American, Laotian-American, and Vietnamese-American communities to use the Government's multilingual call center to apply for coupons. NTIA is pursuing partnership opportunities with Koahnic Broadcast Corporation to disseminate coupon information to Alaskan Native villages, as well as with Native Voice One to reach tribal reservations through radio communications.

Moreover, NTIA has extended this multi-lingual approach beyond its consumer education activities into the core of Program operations. Significantly, through an

established partnership with the Language Line, the call center that will support the coupon application process will be staffed by permanent employees possessing fluency in 23 languages and depth-of-language in more than 70 other languages.

Government Partnerships

NTIA has reached out to over 14 Federal government departments and agencies and is committed to leveraging the relationship these groups have with our target audiences to maximize the value of the Federal investment in this Program. As outlined above, we are already either actively collaborating or in discussions with the HHS, USDA, VA, and the IRS. Many of these contacts have resulted in clearly defined strategies to reach constituents served by these agencies. For example, NTIA is partnering with other government departments and agencies to use existing publications and electronic newsletters to insert coupon information in scheduled mailings, link to the coupon application form from their websites, and place coupon application forms at local social service offices.

In addition to these partnerships, NTIA will also leverage our relationships with other governmental agencies to extend the reach of our message. In particular, we will work with agencies that target the five target populations discussed above. NTIA is presently in discussions with the Social Security Administration; the White House Office of Faith-Based and Community Initiatives; the General Services Administration; and several agencies within the Department of Commerce.

Finally, as noted above, NTIA is also working in cooperation with the FCC to implement significant measures to increase awareness among the general public about the DTV transition and the Coupon Program. Both the www.DTV.gov webpage and NTIA's website, www.ntia.doc.gov/otiahome/dtv/index.html, provide significant information about all aspects of the transition. To assist consumers who do not have Internet access, who are hearing impaired, or who simply prefer to receive information about the Coupon Program over the telephone, NTIA has also established a toll free number, 1-888-DTV-2009.

I encourage the Members of this Committee, and all of Congress, to help us in this important effort by linking your own websites to these consumer education materials. Moreover, NTIA has also distributed copies of Coupon Program brochures – in both English and Spanish – to every member of the House and Senate. We have distributed these materials widely to community organizations, constituency groups, and industry stakeholders. We hope they will assist you in keeping your own constituents informed about the transition and the Coupon Program.

Conclusion

NTIA recognizes the risks and potential pitfalls associated with a consumer education campaign of this magnitude; but the solution is not the establishment of a single digital transition authority or single, government-mandated message. Broadcasters, cable and

satellite service providers, consumer electronics manufacturers and retailers, and consumer advocates have as important a role to play in educating consumers as any government agency does, and as great an incentive to become involved. A multiplicity of messages and sources of information is critical to a well-informed consuming public. The stakeholders in the transition are in the forefront of the education effort through their individual commitments as well as collaborations like the Digital TV Transition Coalition.

In conclusion, I want to thank the Committee for the opportunity to testify before you again today. I will be happy to answer your questions.